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*Previous references.* 1924-5 (I.T.)

Qtly 20 25 of 30-3 / 9.5

**File No.** 14-24

**Serial Nos.** 1, 2

*Later references.*

GENERAL AND REVENUE SECRETARIAT.

*Serial Nos.* 2.

**Part B for** February 1925

SUBJECT

Refunds to shareholders of a Company assessed to income tax both in Mysore and in British India.

Tel 4836 / I.T. 14-24-2 dated 25.2.25

Issues instructions with regard to the question of the ——

To the Comm^r of I.T.

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GENERAL AND REVENUE SECRETARIAT

(Income Tax

NOTES.

File No. 14-24

FILE HEADING.

Refunds to Share-holders of company assessed to income-tax both in Mysore and British India

From

The Commissioner of Income Tax

No. C797 Dated 24.7.24 Received 26.7.24.

| Diary No. 386 | Enclos. 1 | Spare Copies. — | Serial No. 1 |
|---|---|---|---|

BRIEF ABSTRACT OF LETTER.

Solicits orders as to whether full refund may be allowed to applicants residing in Mysore in respect of the tax on the dividends of companies assessed to income tax both in Mysore & British India, irrespective of the amount of tax actually levied in Mysore

NOTES AND ORDERS.

R 1) Subd. with I.T file 31-22.

KD 2/8 2) Please put up papers referred to in para 4 of P.W.D

3) The papers referred are before the 2nd member of Council.

4) Draft reply portion is for Consideration

Rev Secy 5)

11 Merely

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NOTES—First Sheet

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WD 2310—GPB—10,000—31-5-24

General and Revenue Secretariat. | File No. | of 19

| Serial No. | |
|---|---|
| 2 | File 4836 dated 25-2-25<br>Issues instructions with regard to the question of refund to shareholders of a Company assessed to Income tax both in Mysore and in British India.<br>To The Commr of I.T |

NOTE—Conton. sheet.

D.386

WD 1452—GPB—500 copies 29-3 21

IN REPLY REFER TO
NO. C.797/23-24.
ENCL. one.

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE.

*Bangalore, dated* the 24th July 1924.

05921

J.T 14-24-1

FROM

V. R. THYAGARAJA IYER, Esqr., M.A.,
*The Commissioner of Income-tax in Mysore.*

To

K. V. ANANTHARAMAN, Esqr., B.A.,
Secretary to the Government of
Mysore, Revenue Department,
BANGALORE.

Sir,

With reference to your letter No. Fl.3839/I.T. 31-22-2 dated 17th January 1924 in the matter of grant of refunds to share-holders of a company assessed to income-tax both in Mysore and British India, I have the honour to state as follows:--

2. According to the instructions conveyed in the above letter, "the applications of persons residing in Mysore and holding shares in companies, paying income-tax to Mysore should be dealt with in the department and the admissible refund allowed in respect of the tax recovered from the company on their behalf."

3. The Assistant Commissioner of Income-tax, Bangalore and Mysore Cities and Taluks, has, through the Deputy Commissioner of Income-tax, solicited instructions on three points--viz:--

(i) Whether the income of residents outside Mysore earned outside Mysore should be taken in fixing their total income for purposes of refund of the tax levied in Mysore on dividends here.

(ii) The procedure to be followed to ascertain such income,

and (iii) whether full refunds can be made in the case of dividends of companies, which have only been partly taxed in Mysore. A copy of the Income-tax Assistant Commissioner's letter No. C.282/23-24 dated 8th May 1924 is enclosed.

4. As regards the first point in para 3 above, I have already held in appeals Nos. 88 and 96 of 23-24 that such income cannot be taken into account here. A copy of my decisions has been forwarded to Government with letter No C.708/23-24 dated 19th/22nd April 1924.

As regards the third point, I solicit the orders of Government as to whether full refund may be allowed to applicants residing in Mysore in respect of the tax on the dividends of companies assessed to income-tax both in Mysore and British India, irrespective of the amount of tax actually levied in Mysore.

5. The disadvantage, which may in some cases result by granting full refund to the share-holders residing in Mysore, may be seen from the following hypothetical illustration.

The total income of a company doing business both in Mysore and British India is Rs. 1,00,000/- in a certain year; out of this Rs. 10,000/- is the income earned and assessed to income-tax in Mysore. The company declares a dividend of Rs.12,000/- in that year. The Mysore income-tax will be Rs. 625/- at one anna in the rupee. If all the share-holders happen to be residents of the Mysore State, a sum of Rs. 750/- will have to be refunded to them in case none of them is taxable. In this case, the amount of refund to be made will be more than the amount of income-tax received.

6. I, therefore, solicit the orders of Government on the 3rd point raised in para 4 above.

I have the honour to be,

Sir,

Your most obedient servant,

COMMISSIONER OF INCOME TAX IN MYSORE.

MDM24-7.

Letter No. C.282/23-24 dated 8th May 1924 from the Assistant Commissioner of Income-tax, Bangalore, to the Deputy Commissioner of Income-tax for Bangalore and Mysore Cities and Taluks, Bangalore.

I have the honour to state that applications for refund of tax on dividends of companies recovered in Mysore are being received from persons residing outside my jurisdiction --and outside the province too. It is not clear to me in the face of the recent decision of the Commissioner of Income-tax if I can, in such cases, insist on getting information regarding the applicants' income outside Mysore so as to arrive at his total income and thus fix the rate of refund applicable to his case. In some cases the applicants refuse to furnish such information and in some other, information is given, but there is no knowing if it is true.

I understand that the British Indian Authorities have been ascertaining from us the income in Mysore of their applicants for refunds. These requisitions are being made by the Government at the instance of the Hon'ble the Resident. It is not known under what arrangement this is being done, if our Government have bound the British Indian Authorities to a reciprocal understanding in this matter and, if so, whether we can also approach Government to get us information about the income outside Mysore of a person, who applies to us for refund of tax.

In connection with refunds, another doubtful point arises.

The Bangalore Bank has been assessed both by us and the

Civil

Civil and Military Station Authorities.--Can we allow full refund of tax to a resident of Mysore State? If we do so, theoretically it may so turn out that in case most of the share-holders reside here, we may have to refund more tax than we might have recovered.

The points, therefore, requiring instructions upon are:--

(1) Can the income of residents outside Mysore earned outside Mysore be taken in fixing their total income for purposes of refund of tax levied by us on dividends here?

(2) What procedure should be followed to ascertain such income? and

(3) Can full refund be made in case of dividends of companies, which have only been partly taxed by us?

I solicit early instructions on these points.

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"COPY"

24/7/24

COMMISSIONER OF INCOME TAX IN MYSORE.

MDM24-7.

24/7/24

Yl 1836 dated 25-2-25 To

J.T. 14-24-2

The Commissioner of Income Tax
in MYSORE.

Sir,

Adverting to para 3 of your letter No. C.797-23-24 of 24th July 1924 soliciting instructions on three points relating to refunds to shareholders of a company assessed to income tax both in Mysore and British India, I am directed to state as follows: —

(1) The Income of ~~residents~~ persons outside Mysore earned outside Mysore need not be taken in fixing their total income for purposes of refund of income tax levied on dividends declared in Mysore as section 16 (1) requiring British Income to be taken into account in calculating "total income" for purposes of assessment of Mysore tax applies only to income from Business. ~~and not to the income of individuals.~~

(2) ~~There is therefore~~ No question of procedure in regard to the cases of the kind mentioned above. Hence arises

29/1

(3) The fact that a Company has ~~cases of Companies which have~~ only been partly taxed in Mysore does not make any difference, as regards refunds ~~have to be~~ made ~~in such cases~~ by the authority of the place in which the tax for refund of which application is received ~~recovered~~, was originally deducted. The whole of the refund has to

which South

P.T.O.

be made by that officer without _

reference to the amount of tax col-

lected in ~~the two Areas~~ his Sub Divn.

I have etc,

Secretary to Government,

Rev. Deptt.